

BENJAMIN J. CAYETANO
GOVERNOR



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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March 12, 2002

Mr. Gregory Sato, Chair
Board of Trustees
Hawaii Public Employees Health Fund
201 Merchant Street, Suite 1520
Honolulu, Hawaii 96813

Dear Chair Sato:


The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board as established by Act 88, SLH 2001, and codified as Chapter 87A, HRS, has been meeting since January 2002. The EUTF Board has been deliberating on the many important issues required to establish and implement health benefits for public employees and retirees by July 1, 2003.

As we proceed, many critical transition issues that must be resolved between the Public Employees Health Fund (PEHF) and the EUTF are being identified. I would like to initiate discussions on a regular basis between our two Boards to address these important issues. Attached is a list of questions that the EUTF Administrative Committee has begun to formulate regarding transition issues. This list of questions is provided to enable the PEHF to begin thinking about these issues that the EUTF Board would like to further discuss.

I understand that the PEHF may be considering the establishment of a sub-committee to address these transition issues. I would appreciate it if the PEHF would contact me at 586-0005 by March 20, 2002 with the contact person(s) and phone number(s) so that we may begin regular discussions on transition.

Your attention and efforts on this matter are appreciated.

Sincerely,


SAM A. CALLEJO
Chairperson

Attachment

Questions for the Public Employees Health Fund (PEHF) Regarding Current Operational Status and Transition to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

The purpose of the following questions is to assist the EUTF in developing sound implementation plans, address necessary resource requirements and to determine initial key administrative transition issues.

Transition Plans

1. Does the PEHF have transition plans to facilitate an orderly change over from the PEHF to the EUTF? Are there critical areas that must be addressed by the PEHF before June 30, 2003 to ensure an orderly transition of the operations such as:
 - a. Records management issues (e.g., proper filing and identification of all records, files, books, papers, and documents that will be transferred to the EUTF). Specifically, does the PEHF have a records management plan, including policy, procedures, and standards. If so, please provide the documentation and indicate the degree to which the plan has been implemented.
 - b. Accurate accounting of all assets, equipment, machines, computer software, hardware and other personal property items by the PEHF that will be transferred to the EUTF.
 - c. Accurate accounting of all contracts and agreements by the PEHF that may be transferred to the EUTF. The PEHF should provide a complete copy of all such contracts and agreements to the EUTF (e.g., long-term care contract). The EUTF would like a complete copy of the Hunter Group Contract for the HFIMS project, and the Hunter Group's response (proposal) to the HFIMS Request For Proposal.
 - d. Accurate accounting of any and all debts, liens, (including mortgages and security interests) and other liabilities (including fines, lawsuits, and contracts) that have been or that may be incurred by the PEHF that will be transferred to the EUTF. The PEHF should provide a complete copy of any and all relevant documents that describe or define these debts, liens, and liabilities to the EUTF.
 - e. Currency and accuracy of all PEHF enrollment and accounting data and files. Specifically, what standards does the PEHF have for the processing of enrollment data, financial data, changes and updates to employee-beneficiary records, financial data, changes and updates to employee-beneficiary records, dependent and beneficiary (life) information and other data necessary for the proper functioning of the PEHF? Please provide data indicating to what degree the standards are being met, including any backlogs that may exist.
 - f. Currency of financial records and files. PEHF should provide complete access to the EUTF staff and or consultant regarding all prior and future PEHF financial statements, accounts, books, journals, and working papers (audited and un-audited financial records).

List of Questions for PEHF

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- g. Does the PEHF have a plan to achieve HIPAA compliance on schedule in accordance with law? If so, please provide a copy of the plan. If not, please explain. The PEHF should also provide complete descriptions of the types of information that are kept by the PEHF, copies of all forms used by the PEHF, copies of all rules, policies, and procedures of the PEHF regarding records, and the use, handling and disclosure of information about plan participants).
- h. Disposition of petitions to the PEHF Board from beneficiaries.

Please identify these critical administrative and transition issues and any planned courses of action, as applicable.

Open Enrollment

1. Will the current PEHF enrollment staff be available to assist the EUTF with the 2003 open enrollment including processing and data entry of enrollments into the HFIMS? To what extent are other PEHF staff available to assist with open enrollment activities such as employee-beneficiary education, etc.? What is the earliest that the current PEHF staff will be available to assist EUTF?
2. Does PEHF have a plan to wrap up its operations effective June 30, 2003? If so, please provide a copy of the plan. If not, does the PEHF anticipate creating such a plan? How much staff time will be required from January - June 2003, to complete all activities needed to wrap up operations? Please identify in detail all activities that will need to be performed after June 30, 2003, to properly conclude the operation of the PEHF.

Health Fund Information and Management System (HFIMS)

1. Are there outstanding HFIMS projects that are critical to maintaining the stability of the current computer system? What are these critical projects and what are the current implementation timeframes? Are there any planned improvements and upgrades to the HFIMS system? What are these upgrades/improvements and what are the implementation timeframes?
2. Funding (\$350,000-trust funds) for a Document Imaging System is included in the FY 2003 Supplemental Budget Request as a possible alternative to deal with records and data management issues in the current PEHF. This system has also been identified as a possible solution to HIPAA security requirements. Does the PEHF plan to implement this system and what is the timeframe for completion?

Accounting System

1. Would the current PEHF accountant and accounting staff be available to work with the EUTF in determining the requirements of a standalone accounting and financial system for the EUTF in early 2003?

Staffing

1. Does the PEHF anticipate any significant turnover in key PEHF office staff during the next 18 months?